

Title 303 Nebraska Public Employees Retirement Systems

Chapter 17 – Regulations Governing The Public Employees Retirement Systems -- Administration of Internal Revenue Service Code Section 415

01 Administration of Internal Revenue Service Code Section 415

001.01 Defined Benefit Plans. To assist in the identification and monitoring of members whose annual benefits or annual additions may exceed the benefit or contribution limitations of Internal Revenue Code Section 415, the Public Employees Retirement Board will provide any member of the School, State Patrol or Judges' Retirement System, upon written request, an estimate of the member's retirement benefit that is expected to be paid by the Retirement System. The Public Employees Retirement Board will produce materials containing Section 415 worksheets and information to be given to employees by each employer as an aid to estimating Section 415 limits which may affect the members.

A member of the School, State Patrol, or Judges' Retirement System, when applying for monthly retirement benefits, will be required to provide copies of IRS Form W-2, Wage and Tax Statement, for the three consecutive years in which the member's taxable compensation from the employer was the greatest. Based on this information, the Public Employees Retirement Board will determine whether the member's benefit under the Retirement System must be reduced to comply with the limitations of Internal Revenue Code Section 415. If a member cannot timely provide this information for determining the Internal Revenue Code Section 415 limit for the member's retirement benefit, the employer of such member shall provide all information which may be required for calculating the Internal Revenue Code Section 415 limitation.

001.02 Annual Reporting. Each county, school district, or state agency that is a contributing employer to the Nebraska Public Employees Retirement System shall submit to the Public Employees Retirement Board annual information on employee wages and contributions in such form and manner as may be requested by the Public Employees Retirement Board and which is needed to determine compliance with the benefit and contribution limitations of Internal Revenue Code Section 415.

001.03 Service Credit. As a condition to complying with any request for the purchase of service credit by a member of any Retirement System administered by the Public Employees Retirement Board, the employer of such member must verify the annual taxable salary of the member for the

year of purchase and, if necessary, subsequent years within the payment period for the purchase of such service credit. All contributions for the purchase of service credit under the Retirement Systems administered by the public Employees Retirement Board will be subject to the applicable Internal Revenue Code Section 415 limit. Payments for the purchase of service credit may be extended by the Public Employees Retirement Board over the maximum payments if necessary to comply with Internal Revenue Code Section 415. In the event employee contributions for the purchase of service credit under a Retirement System exceed the internal Revenue Code Section 415 limit, the amount of service credit which may be purchased by the member shall be reduced to the level which is permitted to be purchased through employee contributions under Internal Revenue Code Section 415.

001.04 Combined Plans. The Internal Revenue Code Section 415(e) limitation which applies when a member participates in both a defined benefit plan and defined contribution plan will be calculated by the Public Employees Retirement Board, when necessary, to assist members and employers in complying with Internal Revenue Code Section 415. The employer of any member who is affected by the Section 415 combined limit shall be responsible for providing all information on plan contributions, benefits and wages required for the calculation of the combined limit.

Enabling Legislation: Neb. Rev. Stat. 23-2310.01, 24-703.01, 24-703.02, 24-706, 79-1514, 79-1522(2)(5), 79-1522.04, 79-1522.05, 81-2027.01, 81-2027.02, 81-2031, 84-1311.01, 84-1311.02, 84-1503.01, 84-1503